

INTRODUCTION

NIGERIA, AN OIL-RICH COUNTRY, HAS A POPULATION OF 145 MILLION, making it the most populous country in Africa. In 2006, the country had a gross national income (GNI) per capita in purchasing power parity terms of USD 1 050. The 2006 Baseline Survey, conducted by the National Bureau of Statistics, estimated that 54% of the population lived below the dollar-per-day international poverty line, with 92% living below the two-dollars-per-day line. The country is on track to meet one of the Millennium Development Goals (MDGs): MDG 2 on achieving universal primary education.

According to the OECD's Aid at a Glance data, total net official development assistance (ODA) provided to Nigeria by the members of the OECD's Development Assistance Committee (OECD-DAC) amounted to USD 11.4 billion in 2006 (of which USD 1 billion is debt relief). The OECD's data for 2005-06 shows that the top four donors were the United Kingdom, France, Germany and Japan.

DIMENSIONS	2007	CHALLENGES	PRIORITY ACTIONS
Ownership	Moderate	Limited implementation of medium-term expenditure framework and excessive reliance on oil sector	Institutionalise reforms through legislation and extend reforms to the sub-national level
Alignment	Low	Donor reluctance to use country systems and lack of government capacity to accurately record aid disbursements	Ensure full implementation of the Fiscal Responsibility Act and introduce aid information management system
Harmonisation	Low	Patchy co-ordination between development partners	Ensure that Country Partnership Strategy is given a more central place in donor policy and practice
Managing for results	Moderate	Relatively weak systems for monitoring and evaluation	Establish a co-ordinated country-level monitoring and evaluation system
Mutual accountability	Low	Absence of a framework for mutual assessment of progress on aid effectiveness	Take the opportunity to implement a country-led framework for mutual assessment

OVERVIEW

Box 41.1:

Challenges and priority actions

Nigeria was not included in the 2006 Baseline Survey for the Paris Declaration. Therefore, the Paris Declaration 2010 targets will be based on the results of the 2008 Survey. Only five donors responded to the 2008 Survey – the European Commission, Germany, Japan, the United Nations (UN) and the United States – with their aid constituting 41% of aid, which is quite low compared to other countries. In Nigeria, programmable aid is less than 1% of Nigeria’s annual budget. However, considering that the net ODA/GNI ratio is 11%, of which a considerable sum is debt relief, it is essential that sound progress is made on the aid effectiveness agenda. ■

OWNERSHIP

OWNERSHIP IS CRITICAL TO ACHIEVING DEVELOPMENT RESULTS and is central to the Paris Declaration on Aid Effectiveness. Aid is most effective when it supports a country-owned approach to development; aid is less effective when countries feel that aid policies and approaches are driven by donors that provide assistance. In the context of the Paris Declaration, ownership specifically concerns a country’s ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

Ownership has many dimensions. Indicator 1 – assessed as part of the World Bank’s review on *Results-Based National Development Strategies: Assessments and Challenges Ahead* – provides an entry point to the issue. The World Bank assesses the operational value of a country’s development strategy and policy against three criteria, all of which are essential features of any serious effort to harness domestic and external resources for development purposes: the existence of an authoritative, country-wide development policy which clearly identifies priorities and is well costed.

The World Bank rates the operational value of a country’s development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies – *i.e.* meriting a rating of A or B.

In 2007, the World Bank gave Nigeria a rating of C, in common with 64% of assessed participants in the 2006 Baseline Survey. Such a rating indicates that some progress was being made but that more was required.

Vision 2010 and the Kuru Declaration of 2001 on governance and transparency are, as the World Bank notes, cited as the basis for Nigeria’s medium-term development strategy, the National Economic Empowerment and Development Strategy (NEEDS). This medium-term strategy established government economic programme and poverty reduction strategy to boost growth and achieve the MDGs. NEEDS is complemented by strategies at the state and local levels; State Economic Empowerment and Development Strategies (SEEDS) and Local Economic Empowerment and Development Strategies (LEEDS). Several sectoral strategies, for instance on HIV/AIDS, have also been developed.

INDICATOR 1

Do countries have operational development strategies?

The National Economic Empowerment and Development Strategy constitutes a balanced approach to meeting the MDGs, combining strategies for poverty reduction, growth and economic diversification outside of the oil sector. NEEDS focuses on: improved basic services for human development; improved environment and services for non-oil growth; and enhanced transparency and accountability for better governance. The Fifth National Development Plan was based on President Yar'Adua's Seven-Point Agenda and is the successor to NEEDS.

The government has been preparing a medium-term expenditure framework (MTEF) to ensure that resources are appropriately allocated to priority areas established in NEEDS. Nigeria has an Oil Price Fiscal Rule, which is part of the plan to separate public expenditure from fluctuations in the price of oil, thereby limiting the impact of external shocks on the domestic economy. In addition, fixed spending envelopes for line ministries, and medium-term costed sector strategies, had been introduced. The World Bank reports that the 2006 budget was broadly reflective of NEEDS priorities, even though the development of an MTEF is at an early stage. Alignment of expenditure with priorities at state levels – as part of SEEDS – is more challenging.

The National Planning Commission (NPC), whose members include key ministers, is chaired by the President and took the lead in the development of NEEDS. It included a representative of the Employers' Association and consulted with state and local governments and some civil society groups during the process of formulating NEEDS. The MDG Committee, which brings together representatives of key ministries and the World Bank under the chairmanship of the President, plays the key role in monitoring progress. In addition, implementation of NEEDS and SEEDS is regularly discussed in Cabinet, in the federal Executive Council and in the National Economic Council, with periodic reports presented to the National Assembly.

The National Economic Summit Group is the primary forum for consultation with the business community. It holds quarterly stakeholder consultations on growth involving private sector and civil society groups. The National Assembly is presented with budget data. Enhanced capacity in the National Assembly and an increase in pre-budget Executive-National Assembly consultations have improved the quality of parliamentary debate.

In terms of co-ordinating aid, the government takes the lead at both federal and state levels. At the federal level the NPC co-ordinates grants, with the Ministry of Finance co-ordinating credit. The World Bank notes that while there is no effective overall mechanism to co-ordinate external partners, a number of sectoral working groups have been established.

Meeting the 2010 target of a B rating for its development strategy will require continued progress for Nigeria. In particular, it will require that the MTEF is fully implemented and that reforms at the federal level are extended to the sub-national level. ■

ALIGNMENT

FOR AID TO BE EFFECTIVE, it must be aligned with national development strategies, institutions and procedures. The Paris Declaration envisions donors basing their support fully on country partner aims and objectives. Indicators 2 through 8 examine several dimensions of aid to assess the degree to which partner countries and donors achieve alignment.

With the 2008 Survey covering less than 50% of aid inflows to Nigeria, the resulting data should be treated with caution, but it seems reasonably clear that further work will be needed, particularly as regards strengthening country systems, if progress is to be made on alignment.

BUILDING RELIABLE COUNTRY SYSTEMS

INDICATOR 2a

How reliable are country public financial management systems?

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. In each case, the focus is on the degree to which these systems adhere to broadly accepted good practices – or to which there is in place a reform programme to promote improved practices. If countries have reliable systems, donors will be encouraged to use such systems for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

Indicator 2a of the Paris Declaration assesses the degree to which partner countries either have public financial management (PFM) systems that are in line with broadly accepted good practices or have credible reform programmes in place to establish reliable PFM systems. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong) with half-point increments. To score highly, a country needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts. The 2010 target is that each country will move up at least one measure (*i.e.* 0.5 points) on the CPIA scale for measuring the quality of PFM systems.

Nigeria received a “moderately weak” rating of 3.0 for its PFM systems in 2005. Had the country participated in the 2006 Baseline Survey, this rating would have placed it in the bottom 30% of participating countries. The global Paris Declaration 2010 target is for half of partner countries to register a half-point increase in the rating they receive for the reliability of their PFM systems. For 2007, the World Bank's assessment was that country PFM systems again merited a rating of 3.0.

The Fiscal Responsibility Act has been introduced in an effort to improve the reliability of country PFM systems at the federal level. The Act aims to strengthen fiscal policy design and implementation by moving from a tradition of short-term fiscal perspectives to medium- and long-term fiscal sustainability. This will improve the budget process, ensure prudent management of country resources and ensure long-term macroeconomic stability, accountability and transparency in fiscal operations. Complementary initiatives to enhance transparency in the use of public funds are underway at state levels, along with an increased focus on debt management by state-level authorities.

The World Bank reports that the government has made impressive strides in strengthening public financial management in recent years – including in relation to separating the budget from oil revenues. But meeting the 2010 target of a rating of 3.5 is a considerable challenge and will require the full implementation of initiatives at federal and state levels. This should include continued and full implementation of the Nigeria Extractive Industries Transparency Initiative.

At the time of the 2006 Baseline Survey, no mechanism was in place to systematically assess and quantify the quality of procurement systems in partner countries. Thus, it was impossible to set country-level targets on progress towards Indicator 2b.

The reliability of Nigeria's procurement systems has not been assessed and it is difficult to adequately assess the quality of Nigeria's procurement systems without using them. The country ranks 143rd out of 163 countries on Transparency International's 2006 Corruption Perception Index.

The Public Procurement Act aims to improve public spending practices through entrenching value for money procedures, reducing corruption and inefficiency, and tracking public sector spending more effectively. The Act is responsible for the monitoring and oversight of public procurement and for the harmonisation of existing government policies on procurement. It complements the work of the Independent Corrupt Practices and Related Offences Commission and the Economic and Financial Crimes Commission.

ALIGNING AID FLOWS ON NATIONAL PRIORITIES

Comprehensive and transparent reporting on aid, and how it is used, is an important means of ensuring that donors align aid flows with national development priorities. The degree to which development assistance to the government sector is fully and accurately reflected in the budget provides a useful indication of the degree to which serious effort is made to connect aid programmes with country policies and processes. It also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

Indicator 3 is a proxy for alignment. It measures the percentage of aid disbursed by donors to the government sector that is included in the annual budgets for the same fiscal year. The indicator is a joint measure of two components: the degree to which donors report aid flows comprehensively to partner countries; and the degree to which partner countries accurately record aid.

The final figure highlights any discrepancy between the government's budget estimates and actual disbursements by donors. The discrepancy (or gap) can be in either direction: budget estimates can be higher or lower than disbursements by donors. In order to have a single measure of discrepancy under 100%, the ratio is inverted when budget estimates are higher than donor disbursements. The 2010 target is to halve the proportion of aid flows to the government sector that is not currently reported on government budget(s), ultimately arriving at a point where at least 85% of aid is reported on the budget.

INDICATOR 2b

How reliable are country procurement systems?

INDICATOR 3

TABLE 41.1:
Are government budget estimates comprehensive and realistic?

	Government budget estimates of aid flows for 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2007*	
	a	b	c = a / b	c = b / a
Canada	0	--	--	
European Commission	0	67	0%	
Germany	0	0	0%	
Japan	0	16	0%	
United Kingdom	0	165	0%	
United Nations	0	142	0%	
United States	0	225	0%	
[Unallocated donors]	39	--	--	
Average donor ratio	--	--		0%
Total	39	615		6%

* Ratio is $c=a/b$ except where government budget estimates are greater than disbursements ($c=b/a$).

On aggregate, only 9% of aid disbursed by donors to the government sector was accurately estimated in Nigeria's government budget. One contributing factor is that Nigeria does not currently receive budget support as donor financial contribution accounts for less than 1% of its annual budget. The country report notes that this is due to donor support being provided through direct project intervention and donors not reporting their spending to government. However, there are problems on the government side, too, with a lack of capacity within ministries, departments and agencies for accurate book-keeping and the recording of donor activities.

The National Planning Commission is developing an Aid Information Management System to try to narrow the gap between donor spending and aid estimated in the budget. Aid is not being estimated in the federal government budget, though some states may do so. Efforts are being made to estimate aid in the Federal Budget, but further support will be required by both donors and government if progress is to be made towards the Paris Declaration 2010 target of 85%.

CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

INDICATOR 4

Capacity constraints significantly undermine the ability of partner countries to capture, co-ordinate and utilise aid flows more effectively. Under the Paris Declaration, donors committed to providing technical co-operation in a manner that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Likewise, there is greater recognition that successful capacity building is endogenous – *i.e.* is led by the partner country. To this end, the partner country defines clear objectives to ensure that existing capacities are used effectively and that external support is harmonised within this framework.

Indicator 4 focuses on the extent to which donor technical co-operation – an important input into capacity development – is moving towards this country-led model. It measures the degree of alignment between donor technical co-operation and the partner country's capacity development needs and strategies. The Paris Declaration 2010 target is that 50% of technical co-operation flows are implemented through co-ordinated programmes that are consistent with national development strategies.

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2007 c = a / b
Canada	12	12	100%
European Commission	11	21	55%
Germany	8	8	99%
Japan	3	3	100%
United Kingdom	49	146	34%
United Nations	7	7	100%
United States	165	165	100%
[Unallocated donors]	--	--	--
Total	255	362	71%

Table 41.2:
How much technical
co-operation is co-ordinated
with country programmes?

Data for 2007 show that 95% of technical co-operation to Nigeria by the five donors participating in the 2008 Survey was co-ordinated with country programmes. This is encouraging, although it should be remembered that only five donors responded to the 2008 Survey and the 95% rating is at odds with the fact that no comprehensive capacity-building strategy was reported to be in place by the World Bank's 2006 Aid Effectiveness Review.

The country report notes a number of challenges, including those relating to human capacity in the civil service and project formulation by donors. As the host country is not involved, projects are not tailored to specific needs. To improve matters, the government proposes to establish a special body of civil servants dedicated to procuring and implementing donor projects. In addition, the National Planning Commission is planning to establish postgraduate training in donor project management.

USING COUNTRY SYSTEMS

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the partner's long-term capacity to develop, implement and account for its policies – to both its citizens and its parliament. The Paris Declaration encourages donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. In this respect, Indicator 5 is directly linked to Indicator 2 on the quality of PFM and procurement systems, and measures the use of both.

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding to the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a percent of total aid disbursed to the government sector. The 2010 target is relative to Indicator 2a on the quality of PFM systems.

Indicator 5b measures the volume of aid, as a percent of total aid disbursed to the government sector, that uses partner country procurement systems. The 2010 target is relative to Indicator 2b; thus, targets are indicated only for those countries that established scores for Indicator 2b in the context of the 2006 Baseline Survey.

Data for Nigeria show that no aid for the government sector makes use of country PFM systems. Indicator 5b shows that donors do not use country procurement systems either.

INDICATOR 5

In large part, this reflects donor doubts about the reliability of country systems. It should be noted, however, that in other countries with a rating of 3.0 for the reliability of PFM systems, considerably more use is made of country systems.

TABLE 41.3:
How much aid for the government sector uses country systems?

For countries with a rating below 3.5 for the reliability of their PFM systems (Indicator 2a), no Paris Declaration 2010 target is set for the use of country PFM or procurement systems. Progress will not be made until reforms are implemented to the satisfaction of donors.

	Aid disbursed by donors for government sector (USD m) a	Public financial management (PFM)				Procurement	
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	2007 avg (b,c,d) / a	Procurement systems (USD m) e	2007 e / a
Canada	--	--	--	--	--	--	--
European Commission	67	--	--	--	--	--	--
Germany	0	--	--	--	--	--	--
Japan	16	--	--	--	--	--	--
United Kingdom	165	--	--	--	--	--	--
United Nations	142	--	--	--	--	--	--
United States	225	--	--	--	--	--	--
[Unallocated donors]	--	--	--	--	--	--	--
Total	615	0	0	0	0%	0	0%

AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

INDICATOR 6

When providing development assistance, some donors establish specific project implementation units (PIUs), *i.e.* dedicated management units designed to support development projects or programmes. A PIU is said to be “parallel” when it is created at the behest of the donor and operates outside existing country institutional and administrative structures.

In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity building efforts, distort salaries and weaken accountability for development.

TABLE 41.4:
How many PIUs are parallel to country structures?

	2007 (units)
Canada	7
European Commission	9
Germany	1
Japan	--
United Kingdom	5
United Nations	1
United States	--
[Unallocated donors]	--
Total	23

To make aid more effective, the Paris Declaration encourages donors to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.” Indicator 6 is a count of the number of parallel PIUs being used in partner countries. The 2010 target is to reduce by two-thirds the stock of parallel PIUs in each partner country.

The number of parallel PIUs in Nigeria reported as part of the 2008 Survey stands at 11. The country report notes that donors – having doubts about government capacity to implement projects effectively – establish parallel PIUs to improve the speed of delivery of projects and to enable them to use their own procurement systems.

The Paris Declaration 2010 target is to reduce the stock of parallel PIUs by two-thirds. For Nigeria, a first-time participant in the 2008 Survey, with only three years to meet the target, reducing the number of parallel PIUs to seven would represent a reasonable level of ambition. In its 2006 Aid Effectiveness Review, the World Bank noted that there were some examples of PIUs being integrated into government systems. Furthermore, the government has implemented a procurement structure and is currently persuading donors to use government implementation units.

PROVIDING MORE PREDICTABLE AID

For many countries, development assistance constitutes a vital source of revenue and resources. Being able to predict aid disbursements – in terms of both how much aid will be delivered and when – is as an important factor in the ability of countries to manage public finances and undertake realistic planning for development. It is particularly crucial to enabling partner countries to implement medium- to long-term development plans and to optimise the allocation of resources within and across sectors. In this regard, the Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable fashion according to agreed schedules.

INDICATOR 7

TABLE 41.5:
Are disbursements
on schedule and recorded
by government?

	Disbursements recorded by government in 2007 (USD m)	Aid scheduled by donors for disbursement in 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2007*	
	a	b	for reference only	c = a / b	c = b / a
Canada	0	--	--	--	--
European Commission	0	89	67	0%	--
Germany	0	6	0	0%	--
Japan	0	16	16	0%	--
United Kingdom	0	165	165	0%	--
United Nations	0	147	142	0%	--
United States	0	362	225	0%	--
[Unallocated donors]	56	--	--	--	--
Average donor ratio				0%	
Total	56	785	615	7%	

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

Indicator 7 examines in-year predictability of aid to the government sector, measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in the national accounting system as actually disbursed. Indicator 7 assesses predictability from two angles. The first angle is the combined ability of donors and government to disburse aid on schedule. The second is the ability of donors and government to record comprehensively disbursements made by donors to the government sector.

Indicator 7 is designed to encourage progress in relation to both angles, with the aim of gradually closing the predictability gap – by one-half – by 2010. The ultimate goal is to improve not only the predictability of actual disbursements, but also the accuracy of how disbursements are recorded in government systems – an important feature of ownership, accountability and transparency.

In 2007, on aggregate for the five donors reporting to the 2008 Survey, only 9% of scheduled disbursements were accurately recorded by the Nigerian government, although 73% of scheduled aid was actually disbursed. The country report lists a number of explanations for the gap, but data reported in the 2008 Survey indicate that the primary problem is that of reporting and recording disbursements. In an effort to reduce the gap, the government is encouraging all donors to hold consultative procedures to standardise procedures and address capacity issues in a holistic manner.

The Paris Declaration 2010 target is to close the predictability gap by one-half. For Nigeria, a first-time 2008 Survey participant with three rather than five years to meet the target, an appropriate level of ambition would be to increase predictability to 36% by 2010.

UNTYING AID

INDICATOR 8

How much aid is untied?

Aid is said to be “tied” when it is provided on the condition that the recipient country will use it to purchase goods and services from suppliers based in the donor country. Experience shows that aid with such conditions attached increases the costs of goods and services provided to partner countries; it also increases the administrative burdens on both donors and partners. By contrast, untied aid helps build a country’s capacity to provide goods and services.

Country figures for untying aid are based on voluntary self-reporting by donors that are members of the OECD-DAC. The 2010 target is to continue progress towards untying aid over time.

According to the OECD-DAC data from the 2006 Baseline Survey covering 99% of aid, 99% of aid to Nigeria is untied. This represents sound progress from the 68% level of untying recorded (in a survey covering 70% of aid) for 2004. However, it should be noted that the country report states that no effective measures are being taken to further untie aid. It is perceived that donors still impose specific and stringent requirements to which Nigeria needs to adhere, particularly relating to procurement. The hiring of consultants is also often based on donor standards. ■

HARMONISATION

DECADES OF DEVELOPMENT EXPERIENCE show that poor co-ordination of aid increases the cost for both donors and partner countries, and significantly reduces the value-added of aid. Harmonisation of aid delivery procedures and adoption of common arrangements help reduce duplication of effort and lower the steep transaction costs of managing aid. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and share analysis.

On harmonisation, the state of play in Nigeria, according to the data collected as part of the survey process, is marginally more encouraging than that for alignment. Nevertheless, there is room for considerable improvement both in terms of the use of programme-based approaches (PBAs) and in terms of the co-ordination of donor missions and country analytical work.

USING COMMON ARRANGEMENTS

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid co-ordination can be described as one that builds on shared objectives and that reconciles, in a constructive manner, the various interests of stakeholders.

Indicator 9 assesses the degree to which donors work together by measuring the proportion of total ODA disbursed within PBAs. In practice, there are many different modalities for implementing PBAs, which operate at various levels. At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* sector policy) and establishing a single budget framework that captures all resources (both domestic and external). At the second level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that 66% of aid flows are provided in the context of PBAs.

INDICATOR 9

	Programme based approaches (PBAs)			Total aid disbursed (USD m) d	2007 e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b		
Canada	--	--	--	20	--
European Commission	--	25	25	70	37%
Germany	--	--	--	8	--
Japan	--	--	--	17	--
United Kingdom	--	--	--	165	--
United Nations	--	--	--	142	--
United States	--	--	--	230	--
[Unallocated donors]	--	--	--	--	--
Total	0	25	25	651	4%

TABLE 41.6:
How much aid is
programme based?

Data for 2007 (provided by the five donors that participated in the 2008 Survey) show that, overall, only 5% of aid to Nigeria makes use of PBAs, with no use made of budget support. The country report notes that very few donor projects meet all of the criteria for making use of PBAs, although a number of projects meet some of the criteria. It is expected that the launch of the Fifth National Development Plan in 2009, and operationalising Nigeria's ODA policy, will facilitate more aid to make use of PBAs.

The Paris Declaration 2010 target is for 66% of aid to make use of PBAs. Unless the small sample of countries participating in the 2008 Survey radically underestimated the use made of PBAs, it is highly unlikely that this target will be met in Nigeria.

CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

Data collected for the 2008 Survey indicate that 17% of a total of 59 missions were co-ordinated. The corresponding figure for the number of co-ordinated country analytical works here is a more encouraging 26%. As regards donor missions, the government is in the process of developing a credible monitoring and evaluation mechanism and structure. It is also pushing for the co-financing of projects by donors, a move that should reduce the number and increase the co-ordination of donor missions. A statement of principles for donor missions was expected to be included in an agreement signed by the government, United Kingdom, USAID and the World Bank.

INDICATOR 10a

TABLE 41.7:
How many donor missions
are co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2007 c = a / b
Canada	3	7	43%
European Commission	3	6	50%
Germany	--	--	--
Japan	--	5	--
United Kingdom	2	2	100%
United Nations	8	12	67%
United States	4	36	11%
[Unallocated donors]	--	--	--
Total	15	68	22%

* The total of co-ordinated missions has been adjusted to avoid double-counting. A discount factor of 35% is applied.

As regards country analytical work, the World Bank reported in 2006 that the number of donor partnerships was increasing, particularly as part of the Country Partnership Strategy. Nevertheless, meeting the Paris Declaration 2010 target of 40% for Indicator 10a and 66% for Indicator 10b is a considerable challenge. ■

INDICATOR 10b

	Co-ordinated donor analytical work* (analyses) a	Total donor analytical work (analyses) b	2007 c = a / b
Canada	5	7	71%
European Commission	3	13	23%
Germany	--	--	--
Japan	--	3	--
United Kingdom	1	2	50%
United Nations	2	3	67%
United States	3	4	75%
[Unallocated donors]	--	--	--
Total	11	32	33%

* The total of co-ordinated analytical work has been adjusted to avoid double-counting. A discount factor of 25% is applied.

TABLE 41.8:
How much country analysis
is co-ordinated?

MANAGING FOR RESULTS

THE PARIS DECLARATION CALLS ON donors and partner countries to make a joint commitment to managing for development results – *i.e.* to manage resources according to desired results. This implies defining desired results and measuring progress toward them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping to increase the demand for a focus on results (*i.e.* adopt a results-based monitoring framework).

Indicator 11 utilises data collected as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead*. The review focuses on three particular aspects of a robust results-based monitoring framework: the quality of the information generated; stakeholder access to the information; and the extent to which such information is utilised within a country-level monitoring and evaluation system.

The assessments are expressed in scores running from A (high) to E (low), with B representing a “largely developed results-based monitoring framework.” The 2010 target is to reduce by one-third the proportion of countries lacking transparent, results-based monitoring frameworks (*i.e.* reduce by one-third the number of countries not attaining at least a B rating).

Nigeria received a rating of C in the World Bank's assessment for 2007, along with the majority of other assessed countries. The World Bank's Aid Effectiveness Review notes that important steps have been taken to improve the quality and availability of poverty-related data, including baseline poverty data for evaluating the progress of NEEDS. A Statistical Master Plan to strengthen the national statistical system is also being implemented with support from the World Bank. In terms of public access to development information, there was a widespread public information campaign at the time of the publication of NEEDS. Budget information and audits of the oil and gas sector are made available to the public.

As regards monitoring and evaluation, the World Bank reported in 2006 that a co-ordinated country-level system was being developed, but noted that progress was slow. If the Paris Declaration 2010 target for Indicator 11 of a rating of B is to be achieved, establishing a results-based monitoring framework must be a priority. ■

INDICATOR 11

Do countries have
results-based monitoring
frameworks?

MUTUAL ACCOUNTABILITY

INDICATOR 12

Do countries have reviews of mutual accountability?

THE PARIS DECLARATION RECOGNISES that for aid to be truly effective, stronger and more balanced accountability mechanisms are required at all levels. In particular, aid is more effective when both donors and partner country governments are accountable – to their respective publics and to each other – for the use of resources and management to achieve development results. The Paris Declaration calls for donors and partner countries to jointly assess (through existing country-level mechanisms) mutual progress in implementing agreed commitments on aid effectiveness, including commitments made under the Paris Declaration.

Indicator 12 is concerned with the specific question of whether there is a country-level mechanism for mutual assessment of progress on the partnership commitments arising from the Rome or Paris Declarations, or from local harmonisation and alignment plans. The 2010 target is for all partner countries to have in place such mechanisms.

For Nigeria, no such mechanism is in place, although an audit of the aid (focused on the quantity rather than the quality) has been undertaken. NEEDS and SEEDS and the focus on the MDGs, together with the Country Partnership Strategy, provide an opportunity for a strong country-led framework for mutual accountability, but this opportunity has yet to be taken. ■

PROGRESS SINCE 2005 AND PRIORITIES FOR 2010

THE STATE OF PLAY ON AID EFFECTIVENESS and progress towards the Paris Declaration 2010 targets in Nigeria is unclear, with the 2008 Survey having covered little more than 40% of aid disbursements. If progress is to be made on aid effectiveness, donors and the government will have to treat it as a priority. There is certainly considerable room for improvement in Nigeria, on both sides of the aid relationship. ■

SUMMARY TABLE 41.9

INDICATORS		2007	2010 TARGET
1	Operational development strategies	C	B
2a	Reliable public financial management (PFM) systems	3,0	3,5
2b	Reliable procurement systems	Not available	Not applicable
3	Aid flows are aligned on national priorities	6%	85%
4	Strengthen capacity by co-ordinated support	71%	50%
5a	Use of country PFM systems	0%	No target
5b	Use of country procurement systems	0%	Not applicable
6	Strengthen capacity by avoiding parallel PIUs	23	9
7	Aid is more predictable	7%	36%
8	Aid is untied	99%	100%
9	Use of common arrangements or procedures	4%	66%
10a	Joint missions	22%	40%
10b	Joint country analytical work	33%	66%
11	Results-based monitoring frameworks	C	B
12	Mutual accountability	No	Yes

CONTRIBUTORS

National Co-ordinator: Sylvester Monye

Donor Focal Point: United Nations

ACRONYMS

CPIA	Country Policy and Institutional Assessment
DFID	Department For International Development (UK)
GNI	gross national income
LEEDS	Local Economic Empowerment and Development Strategies
MDGs	Millennium Development Goals
MTEF	medium-term expenditure framework
NEEDS	National Economic Empowerment and Development Strategy
NPC	National Planning Commission
ODA	official development assistance
OECD-DAC	OECD Development Assistance Committee
PBA	programme-based approach
PFM	public financial management
PIU	project implementation unit
SEEDS	State Economic Empowerment and Development Strategies
UN	United Nations
USAID	United States Agency for International Development

